

Central Intelligence Agency



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**DIRECTORATE OF INTELLIGENCE**

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China-Eastern Europe: Beijing Courts Moscow's Allies

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**Summary**

China is expanding relations with Eastern Europe at a brisk pace in an effort to encourage trends toward independence and increase trade and economic cooperation. Under Moscow's suspicious gaze, the Chinese are stepping up official exchanges and even attempting to restore party to party ties, something they thus far refuse to do with the Soviets. The Chinese claim they will gain economic benefits from increased trade with the region, but we believe the prospects for such trade are limited. The chances of significantly influencing the East Europeans to show greater independence from Moscow are, if anything, even more remote, especially now that a new and younger Soviet leadership has begun to assert itself.

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\_\_\_\_\_ This memorandum was prepared by  Office of East Asian Analysis. Information available as of 23 October 1985 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, Foreign Affairs, China Division, OEA

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### **Beijing's Strategy**

The opening to Eastern Europe -- initiated in 1981-82 -- is part of a wider strategy to expand China's foreign ties, undo the excesses of the Cultural Revolution, and reduce tensions with the Soviet bloc. China has sought to exploit Soviet preoccupation in recent years with internal political succession and economic failures and external problems such as Afghanistan to rebuild its ties with Soviet client states strained when Beijing was pursuing a "united front" approach with the United States and Japan in the 1970s and 1980s. Beijing's foreign policy theorists describe their new orientation as multipolar, arguing that by promoting regional independence and prosperity there will be less scope for superpower interference and thus less chance for war. [REDACTED]

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Behind the new rhetoric, however, Beijing still seeks to limit Soviet influence as its prime goal. Renewed US assertiveness against Soviet expansionism has permitted the Chinese to use more subtle political and economic measures to try to accomplish their objectives. In the case of East Europe, by reducing tensions with the USSR and avoiding identification with the United States, the Chinese have gained greater access to the Warsaw Pact capitals. Beijing presumably hopes that by increasing the number and intensity of these contacts it can gradually begin to exercise some influence and give the bloc countries a vested interest in good ties with China. [REDACTED]

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Beijing also looks to Eastern Europe as a potential market for Chinese goods and source of needed equipment, especially for some of China's Soviet-built factories that date from the 1950s. Trade with Eastern Europe, according to an article published in China's economic press in August, is particularly attractive because it is conducted on a barter basis, allowing China to husband its foreign exchange for critical purchases of Western technology and equipment. In return the Chinese are receiving serviceable machine tools and other goods. The Chinese also see predictability and stability as advantages in East European markets, deriving in part from the existence of complementary foreign trade bureaucracies. [REDACTED]

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### **Expanding Contacts**

China's quarrel with the USSR in the early 1960s and the subsequent excesses of the Cultural Revolution era (1966-76) froze Beijing's relations with all but one of Eastern Europe's capitals. Until the 1970s, China's only ally in the region was Albania, and the chief product of that relationship was flattery for Mao Zedong's ideological pretensions. In the early 1970s, Beijing forged a close relationship with Romania based on their common opposition to Soviet domination. After Mao's death in 1976, the Chinese dropped their objections to Titoism, again in the interest of reinforcing Yugoslav independence from Soviet interference, and significantly improved relations. [REDACTED]

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Beijing's relations with Moscow's close allies in the region continued to languish until 1981, however, hostage to the state of Sino-Soviet relations. Annual trade agreements proved economically marginal and politically insignificant. The East Europeans parroted the Soviet line against China in the wake of Chairman Hua Guofeng's outspokenly anti-Soviet visits to Romania and Yugoslavia in 1978, and after China's invasion of Vietnam in 1979. In 1980, the Chinese seemed to endorse Solidarity's efforts in Poland because of their anti-Soviet implications, but backed down when the reverberations of Solidarity's challenge to a ruling party were felt at home among China's own budding protest movements. [REDACTED]

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The Chinese began to increase their exchanges with the Soviet Union's allies slowly at first, apparently without a fixed plan for expansion. The first noteworthy delegations to the region were factfinding missions, sent to investigate experiments with economic reform in Hungary and Czechoslovakia. These had grown naturally from China's internal search for a model of socialist modernization and followed disappointing efforts to learn from Yugoslav experiences. [REDACTED]

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China's incremental approach probably derived in part from a desire not to damage the close relationships painstakingly built with Romania and Yugoslavia in the 1970s. The lack of a clear Soviet signal authorizing increased East European contacts with the Chinese undoubtedly was an even more important impediment for all the Eastern countries except East Germany. According to US Embassy Berlin reporting, the Chinese there believe the East Germans received Soviet encouragement to initiate low level contacts as early as 1980. We suspect the Soviets used the East Germans as a probe for changes in Beijing's attitude toward Moscow before committing their own prestige to such an effort. [REDACTED]

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The break in this pattern occurred in March 1982, when General Secretary Brezhnev, attempting to exploit US-China strains over sales of arms to Taiwan, made a speech in Tashkent calling for improving Sino-Soviet relations. The Chinese formally responded months later, following an extended internal debate that ended at the Twelfth Party Congress in September 1982. On the one hand, China agreed to reopen political talks at the vice foreign minister level with the USSR that had been suspended after the invasion of Afghanistan. On the other, Beijing used the party forum to articulate a policy toward foreign communist parties that implied that the Chinese would attempt to take advantage of differences between the USSR and its allies. [REDACTED]

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At the Congress, Hu Yaobang denounced "the practice of one party compelling other parties to make their policies serve its own party and state policies, or even resorting to armed intervention in other countries," a thinly veiled reference to the Soviet invasions of Hungary and Czechoslovakia. Hu added that China intended to establish contacts with more parties on the basis of "independence, complete equality, mutual respect, and noninterference." [REDACTED]

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In fact, the Chinese had already begun modestly to take advantage of the new access to the East Europeans that Brezhnev gave them. Beijing authorized the first student exchanges with East Germany in July 1982. According to US Embassy reporting, China appointed new ambassadors to Poland, East Germany, Czechoslovakia, Hungary,

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and Bulgaria in 1982-83 who were better qualified and more capable than their predecessors -- a development in keeping with new Foreign Ministry personnel trends but also an indication of the seriousness of Beijing's approach to the region. [Redacted]

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**Party Contacts Resume**

The most sensitive barometer of the state of relations between communist countries is their party-to-party dealings. The falling out between Moscow and Beijing had complex origins, but the the two sides set forth their dispute most forcefully in ideological terms and at party forums. As the Sino-Soviet rift widened, China and the USSR's East European allies broke off their party relations in the mid 1960s. They stopped exchanging party delegations and attending each other's congresses. [Redacted]

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The reinvigoration of Beijing's policy in the region has now prompted increased interest on both sides of the Sino-Soviet dividing line in improving party relations. Because both Moscow and Beijing want party relations to be reestablished on their own terms, however, the pace of resumed contacts is slow and deliberate. [Redacted]

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[Redacted]

By March 1983, the Chinese Communist Party grew more confident and gave its members in East European missions additional latitude to use and publicize party titles, including calling the East European governments "socialist." [Redacted] [Redacted] editors of Chinese party publications began to make quiet visits to Hungary at that time. Early last year, according to [Redacted] Embassy Berlin reporting, Beijing was ready to resume full party relations with at least the Germans for the first time since the Sino-Soviet rift 20 years before. [Redacted]

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**The Pace Quickens**

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China tried to exploit the USSR's extended leadership crisis to encourage greater East European independence during 1983-84. Beijing stepped up the frequency and level of delegations travelling to the East. General Secretary Hu Yaobang first travelled to Yugoslavia and Romania in spring 1983, to reassure those countries of China's continuing commitment to them and to deliver -- on Moscow's doorstep -- Beijing's strong message of independence at about the same time, senior officials responsible for dealings with Eastern Europe and the USSR began making routine swings through the region, with increasing media coverage by the Chinese and most of their counterparts. Vice Foreign Minister Qian Qichen and his deputy for the USSR and Eastern Europe, Ma Xusheng, visited the region on separate itineraries in May and June. [Redacted]

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In 1984, Chen Muhua, Alternate Politburo Member and then Minister of Foreign Economic Relations and Trade, travelled to Poland, Hungary, and Czechoslovakia. In Hungary, according to Embassy reporting, she raised political issues during talks that her hosts felt were inappropriate or might offend the USSR. One Hungarian official speculated that Chen's purpose was to "drive a wedge between Hungary and the Soviet Union." The official continued that the USSR "has expressed approval of our efforts to increase trade relations with China if this will improve our ailing economy, but discussing politics with us cannot help at all." [Redacted]

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During the Chernenko interregnum especially, China intensified its efforts. The Chinese-controlled press in Hong Kong gave particular emphasis to the visit of Hungary's Deputy Premier Jozsef Marjai to Beijing in August 1984, noting that it occurred not long after differences emerged between Moscow and Budapest over relations with Bonn. Beijing's media also favorably replayed East European commentary endorsing East German General Secretary Honecker's attempt to visit West Germany. [Redacted]

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The Soviet Union continues, however, to block its allies from resuming formal party ties with China. The Chinese, according to Embassy Berlin reporting, suspect that the Soviet ploy to use Germany to flirt with China went too far and the Soviets are now holding the East Germans back. [Redacted]

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One area where the Chinese have not endeavored to make inroads, we believe, is military contacts with the Warsaw Pact forces. For some time, China has exchanged military delegations with Romania, but we know of no such activity in the other East European Bloc countries, although there are military attaches in each capital. [Redacted]

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**Trade and Economic**

In order to make the most of its narrow access to East Europe, Beijing focuses on developing trade and economic cooperation. In 1984, Chinese officials negotiated economic cooperation agreements with each of the bloc partners. Although modest when compared with the scale of activity envisioned under similar agreements with Japan and the West, these undertakings will facilitate further exchanges of economic delegations and in some cases assistance in updating China's old Soviet-style industrial plants. [Redacted]

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This year, the Chinese signed long term trade agreements with each of the countries. Fast rising Vice Premier Li Peng visited Poland, East Germany, and Czechoslovakia in the course of negotiating or signing the pacts. He took advantage of the precedent set at Chernenko's funeral by conveying party greetings from Hu Yaobang to each of his hosts. [Redacted]

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Despite the political points scored, however, the agreements often set targets for annual trade volume well above what the respective officials believe is feasible. The agreement with East Germany, for example, envisions increasing two-way trade 250 percent by 1990 over the 1984 total of \$220 million. But Chinese officials in Berlin have pointed to problems in East Germany's ability to deliver machinery and items such as sheet steel that China wants. A chronic problem in trade with Romania, shortfalls are becoming standard for China's trade with Eastern Europe in general. In 1983, trade projections went up, but actual volume declined for half the countries and failed to reach the targets in every case. The overall trade picture remained mixed in 1984, with some modest increases in Chinese exports to the region. All East European trade (excluding Romania, Albania, and Yugoslavia) totals less than China's trade with West Germany alone: \$846 million vs. \$1.8 billion in 1984. [Redacted]

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Beijing and its East European trading partners appear to have set high goals for political as well as economic purposes, but in our view the potential for trade to be a driving force for substantially improved relations is limited. Although Beijing's media have discussed the potential for Eastern Europe to soak up products that China is prevented from marketing in the West, the extended negotiations of this past spring and summer, according to embassy reporting, demonstrated the basic difficulty of drawing up lists of mutually acceptable goods. Part of the problem appears to be a result of Chinese efforts to maneuver the East Europeans into competing with one another for the China trade in goods they produce in common. Another East European concern is that sales of their higher technologies are the only way to boost trade significantly over the long term, but what Eastern Europe has to offer is not advanced enough to attract the Chinese away from Western suppliers. [Redacted]

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**Outlook**

We expect the Chinese will continue their long-term, patient approach to Eastern Europe, slowly rebuilding personal, institutional, and information links in the region. Their annual agreements and increased personnel exchanges will present additional opportunities to score political points. [Redacted]

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We believe Beijing's primary goal will remain exploiting divisions between the USSR and Eastern Europe. Premier Zhao Ziyang told West European leaders last summer that China's policy is to encourage Eastern Europe to display "more independence of thought." As fellow communists and former allies, however, they are undoubtedly acutely aware of the severe limits on East European maneuverability and of the Soviet capability to manipulate their allies. [Redacted] moreover, if the Soviets suddenly lifted their constraints on the East Europeans, there would still be practical limits on what China can achieve as seen in the case of trade. [Redacted]

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The Chinese task is made doubly difficult by Soviet attempts to channel Sino-East European contacts onto a course leading primarily to improved Sino-Soviet ties, especially to party relations. Whatever hopes Beijing may have had that it could take advantage of Soviet preoccupation with its internal politics for another year or so seem to be evaporating. Deng Xiaoping told foreign visitors earlier this year that

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Gorbachev will probably require two years to firm his grip on power. But an authoritative Soviet commentary published in Pravda under the pseudonym O. Vladimirov last June lashed out against manifestations of nationalism within the Soviet bloc and demanded greater unity. This has already caused some Chinese officials to speculate that the new Soviet leader is moving swiftly to exert more control over East European dealings with China. [REDACTED]

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Although we expect Beijing to continue trying to increase the levels of its exchanges and to expand party contacts, we do not foresee the Chinese trying -- much less succeeding -- in restoring full party relations with the parties in East Germany, Poland, Czechoslovakia, Hungary, or Bulgaria without a major change in the Soviet attitude toward China. [REDACTED]

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SUBJECT: China-East Europe: Beijing Courts Moscow's Allies 

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(18 October 1985)